

70A-7a-503 Document of title to goods defeated in certain cases.

- (1) A document of title confers no right in goods against a person that before issuance of the document had a legal interest or a perfected security interest in the goods and that did not:
 - (a) deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:
 - (i) actual or apparent authority to ship, store, or sell;
 - (ii) power to obtain delivery under Section 70A-7a-403; or
 - (iii) power of disposition under Section 70A-2-403, Subsection 70A-2a-304(2), Subsection 70A-2a-305(2), Section 70A-9a-320, or Subsection 70A-9a-321(3) or other statute or rule of law; or
 - (b) acquiesce in the procurement by the bailor or its nominee of any document.
- (2) Title to goods based upon an unaccepted delivery order is subject to the rights of any person to which a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. That title may be defeated under Section 70A-7a-504 to the same extent as the rights of the issuer or a transferee from the issuer.
- (3) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of any person to which a bill issued by the freight forwarder is duly negotiated. However, delivery by the carrier in accordance with Part 4, Warehouse Receipts and Bills of Lading - General Obligations, pursuant to its own bill of lading discharges the carrier's obligation to deliver.

Enacted by Chapter 42, 2006 General Session